# Governor's Office of
# Economic Development
### Centers of Excellence

Initial list of documentation needed for demonstration of appropriate matching funds for
Centers of Excellence Program Licensee Grants
August 2008

Before COE Licensee Grant funds can be disbursed, the Director must receive proof that the Licensee has <u>received</u> the appropriate matching funds as described in and required by the solicitation and contract. The Director may request any documentation necessary to establish a) the appropriateness of the matching funds and b) the actual receipt by the Licensee of the matching funds.

The following is a list that serves as a starting point for establishing the matching funds before COE grant funds can be disbursed. Additional documentation may be required by the Director. Documentation is strongly preferred to be provided electronically (PDF strongly preferred) and the Director reserves the right to refuse to accept paper based documentation. All documentation should be marked as "business confidential" as described in the solicitation documentation.

Must be provided by all Licensee Grant Recipients:

- Copy of the contract with college/university for License of technology described in the proposal provided during the solicitation process OR, if the license is a sub-license, then a copy of the MASTER license between the university and the original Licensee AND a copy of the sub-license from the original Licensee and the sub-Licensee which is receiving the Grant funding.
- Bank statements for the month before the receipt by the Licensee of matching funds, Bank statements during the month(s) of the receipt and for the month following the receipt of the funds. Note that neither matching funds nor COE grant funds may be "offshored" or kept in an offshore bank or other non-traditional financial institution. Bank statement title must match the Licensee's legal description and the bank must be deemed to be a legitimate financial institution.
- Matching funds documentation
  - If matching funds are from a contract, revenue, Federal grant etc the Licensee must provide a copy of the contract(s) or invoice(s) that generated the proposed matching funds and a summary explanation of the source of the matching funds as well as the above bank statements showing receipt of the corresponding funds.
  - If matching funds are investment funds, including either founder capital contribution or outside investment:
  - Investor documentation– this includes the terms of the investment and a full set of investment documentation (to verify that the funds are <u>equity</u> and not a loan or convertible note or otherwise ineligible), copy of accredited investor

questionnaire (one copy), certification that all investors are accredited, list of investors and investment amounts, copies of checks showing deposit of the matching funds.

- o <u>If you have more than TWO sources of matching funds</u>, please prepare and email a live spreadsheet (not a PDF), identifying each source, the date, amount and also reference the backup material.

If the company is a startup/spinout created primarily for the commercialization of the supported technology (all materials marked Business Confidential), regardless of the source of the matching funds.

- All Corporate creation documentation (complete set including articles of incorporation, Operating agreement etc). Good corporate legal practices must be followed to ensure protection of taxpayer funds.
- Complete Capitalization Table as of the invoice date (must be after receipt of matching funds). If significant changes to the cap table are contemplated, a summary of these changes should also be included.

If the Licensee ALSO received approval for a grant to go to fund work by the university team for the benefit of the commercialization process, and IF the Licensee has selected option 2b (contract by the Licensee back to the university), the Licensee must provide a Copy of contract specifying work to be done at the university under sponsored research or service contract. The university will also be required to later provide proof of receipt of funds per the contract.

- Signed and notarized Authorization to Disclose Records (typically signed along with contract)

Excerpt from Contract Concerning Matching Funds

4.      MATCHING FUNDS:  The CONTRACTOR must obtain matching  Funds.  For every $1 of COE grant support, another $1 from the following sources is required:

•      Revenue that is substantially related to the licensed technology and proposed business plan (including contracts such as an SBIR/STTR grant or contract, development contracts etc)
•      Founder capital contributions (equity) in CASH (NOT in kind)
•      Outside/arms length equity funding (cash).

Matching funds may NOT be a loan, but must be either equity or revenue (that is, there can be no repayment clause).  NO in kind contributions will be considered for matching for this grant.  State-supported university contributions and other state grants will NOT be counted as matching funds, but state CONTRACTS are permitted if they are revenue producing contracts (i.e. the State is a customer).  The goal of the matching provision is that the COE funds will be used to leverage the private sector and accelerate the "go to market" success of these technologies.

Grants to the university team will NOT be eligible as matching funds.  COE grant funds may be drawn down as matching funds are received and are not required to be received before the grant is awarded.  As funds come in, for example from multiple closes of an equity round or from sales over time, the COE funds can be delivered to the company.  The Director may require any documentation from the Company needed to establish the appropriateness of the matching funds and the validity of their delivery to the company.   The 30 day "invoice period" will not begin until all appropriate documentation has been received and verified by the Director.  This match can be contributed any time from April 1, 2008 (3 months before the grant funding is available) or at any time during the fiscal year until June 30, 2009.